

**ASSEMBLY BILL**

**No. 2468**

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**Introduced by Assembly Member Hadley**

February 19, 2016

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An act to amend Section 7522.20 of, and to add Section 21354.6 to, the Government Code, relating to public employees' retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 2468, as introduced, Hadley. Public Employees' Retirement System: contracting agencies: benefit formulas.

The Public Employees' Retirement Law authorizes a public agency to participate in, and make all or part of its employees members of, the Public Employees' Retirement System (PERS) by a contract entered into between its governing body and the board of administration of the system. The California Public Employees' Pension Reform Act of 2013 (PEPRA) requires a public retirement system, as defined, to modify its plan or plans to comply with the act and, among other provisions, establishes new retirement formulas for employees first hired on or after January 1, 2013, as specified.

This bill would authorize a public agency that has contracted with the board of administration of PERS to offer an alternative formula from that required by PEPRA, to be applicable to miscellaneous, nonsafety employees hired after January 1, 2017, if specified contingencies are satisfied, including that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

SECTION 1. Section 7522.20 of the Government Code is amended to read:

7522.20. (a) ~~Each~~ *Except as provided in subdivision (c) or (d), each* retirement system that offers a defined benefit plan for nonsafety members of the system shall use the formula prescribed by this section. The defined benefit plan shall provide a pension at retirement for service equal to the percentage of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding quarter year, in the following table, multiplied by the number of years of service in the system as a nonsafety member. A member may retire for service under this section after five years of service and upon reaching 52 years of age.

Age of Retirement	Fraction
52 .....	1.000
52 $\frac{1}{4}$ .....	1.025
52 $\frac{1}{2}$ .....	1.050
52 $\frac{3}{4}$ .....	1.075
53 .....	1.100
53 $\frac{1}{4}$ .....	1.125
53 $\frac{1}{2}$ .....	1.150
53 $\frac{3}{4}$ .....	1.175
54 .....	1.200
54 $\frac{1}{4}$ .....	1.225
54 $\frac{1}{2}$ .....	1.250
54 $\frac{3}{4}$ .....	1.275
55 .....	1.300
55 $\frac{1}{4}$ .....	1.325
55 $\frac{1}{2}$ .....	1.350
55 $\frac{3}{4}$ .....	1.375
56 .....	1.400
56 $\frac{1}{4}$ .....	1.425
56 $\frac{1}{2}$ .....	1.450
56 $\frac{3}{4}$ .....	1.475
57 .....	1.500
57 $\frac{1}{4}$ .....	1.525
57 $\frac{1}{2}$ .....	1.550

1	57 $\frac{3}{4}$ .....	1.575
2	58 .....	1.600
3	58 $\frac{1}{4}$ .....	1.625
4	58 $\frac{1}{2}$ .....	1.650
5	58 $\frac{3}{4}$ .....	1.675
6	59 .....	1.700
7	59 $\frac{1}{4}$ .....	1.725
8	59 $\frac{1}{2}$ .....	1.750
9	59 $\frac{3}{4}$ .....	1.775
10	60 .....	1.800
11	60 $\frac{1}{4}$ .....	1.825
12	60 $\frac{1}{2}$ .....	1.850
13	60 $\frac{3}{4}$ .....	1.875
14	61 .....	1.900
15	61 $\frac{1}{4}$ .....	1.925
16	61 $\frac{1}{2}$ .....	1.950
17	61 $\frac{3}{4}$ .....	1.975
18	62 .....	2.000
19	62 $\frac{1}{4}$ .....	2.025
20	62 $\frac{1}{2}$ .....	2.050
21	62 $\frac{3}{4}$ .....	2.075
22	63 .....	2.100
23	63 $\frac{1}{4}$ .....	2.125
24	63 $\frac{1}{2}$ .....	2.150
25	63 $\frac{3}{4}$ .....	2.175
26	64 .....	2.200
27	64 $\frac{1}{4}$ .....	2.225
28	64 $\frac{1}{2}$ .....	2.250
29	64 $\frac{3}{4}$ .....	2.275
30	65 .....	2.300
31	65 $\frac{1}{4}$ .....	2.325
32	65 $\frac{1}{2}$ .....	2.350
33	65 $\frac{3}{4}$ .....	2.375
34	66 .....	2.400
35	66 $\frac{1}{4}$ .....	2.425
36	66 $\frac{1}{2}$ .....	2.450
37	66 $\frac{3}{4}$ .....	2.475
38	67 .....	2.500
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(b) Pensionable compensation used to calculate the defined benefit shall be limited as described in Section 7522.10.

(c) A new member of the State Teachers' Retirement System shall be subject to the formula established pursuant to Section 24202.6 of the Education Code.

(d) *With respect to new members, a public agency participating in the Public Employees' Retirement System pursuant to contract may provide the formula established in Section 21354.6 in lieu of this section and subject to the requirements of Section 21354.6.*

SEC. 2. Section 21354.6 is added to the Government Code, to read:

21354.6. Notwithstanding any other law, a contracting agency may make the formula provided in this section applicable to miscellaneous, nonsafety employees hired after January 1, 2017, provided that the agency and representative employee organization have agreed to its application in a valid memorandum of understanding, the contracting agency adopts an ordinance to this effect, and the agency's contract is amended in the manner prescribed for approval of contracts or, in the case of a new contract, by express provision in the contract. The pension at retirement for service provided by this section shall be equal to the percentage of the member's final compensation set forth opposite the member's age at retirement, taken to the preceding quarter year, in the following table, multiplied by the number of years of service in the system as a nonsafety member. A member may retire for service under this section after five years of service and upon reaching 55 years of age.

Age of Retirement	Fraction
55 .....	1.000
55 $\frac{1}{4}$ .....	1.025
55 $\frac{1}{2}$ .....	1.050
55 $\frac{3}{4}$ .....	1.075
56 .....	1.100
56 $\frac{1}{4}$ .....	1.125
56 $\frac{1}{2}$ .....	1.150
56 $\frac{3}{4}$ .....	1.175
57 .....	1.200
57 $\frac{1}{4}$ .....	1.225
57 $\frac{1}{2}$ .....	1.250

1	57 $\frac{3}{4}$ .....	1.275
2	58 .....	1.300
3	58 $\frac{1}{4}$ .....	1.325
4	58 $\frac{1}{2}$ .....	1.350
5	58 $\frac{3}{4}$ .....	1.375
6	59 .....	1.400
7	59 $\frac{1}{4}$ .....	1.425
8	59 $\frac{1}{2}$ .....	1.450
9	59 $\frac{3}{4}$ .....	1.475
10	60 .....	1.500
11	60 $\frac{1}{4}$ .....	1.525
12	60 $\frac{1}{2}$ .....	1.550
13	60 $\frac{3}{4}$ .....	1.575
14	61 .....	1.600
15	61 $\frac{1}{4}$ .....	1.625
16	61 $\frac{1}{2}$ .....	1.650
17	61 $\frac{3}{4}$ .....	1.675
18	62 .....	1.700
19	62 $\frac{1}{4}$ .....	1.725
20	62 $\frac{1}{2}$ .....	1.750
21	62 $\frac{3}{4}$ .....	1.775
22	63 .....	1.800
23	63 $\frac{1}{4}$ .....	1.825
24	63 $\frac{1}{2}$ .....	1.850
25	63 $\frac{3}{4}$ .....	1.875
26	64 .....	1.900
27	64 $\frac{1}{4}$ .....	1.925
28	64 $\frac{1}{2}$ .....	1.950
29	64 $\frac{3}{4}$ .....	1.975
30	65 .....	2.000
31	65 $\frac{1}{4}$ .....	2.025
32	65 $\frac{1}{2}$ .....	2.050
33	65 $\frac{3}{4}$ .....	2.075
34	66 .....	2.100
35	66 $\frac{1}{4}$ .....	2.125
36	66 $\frac{1}{2}$ .....	2.150
37	66 $\frac{3}{4}$ .....	2.175
38	67 .....	2.200
39	67 $\frac{1}{4}$ .....	2.225
40	67 $\frac{1}{2}$ .....	2.250

1	67 <sup>3</sup> / <sub>4</sub> .....	2.275
2	68 .....	2.300
3	68 <sup>1</sup> / <sub>4</sub> .....	2.325
4	68 <sup>1</sup> / <sub>2</sub> .....	2.350
5	68 <sup>3</sup> / <sub>4</sub> .....	2.375
6	69 .....	2.400
7	69 <sup>1</sup> / <sub>4</sub> .....	2.425
8	69 <sup>1</sup> / <sub>2</sub> .....	2.450
9	69 <sup>3</sup> / <sub>4</sub> .....	2.475
10	70 .....	2.500
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